

New 2003 FEGLI Premiums & Age Bands

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New **2003** FEGLI Premiums and Age Bands

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When are the new premiums effective?

The new premiums, effective January 1, 2003, will be first reflected in your February 1, 2003 annuity payment.

When was the last premium change?

The last premium change was April 24, 1999.

Why are there new premiums and age bands?

The statutes governing the Federal Employees Group Life Insurance (FEGLI) Program require that premiums for each age group cover the expected benefit payments for that age group. Since mortality rates in some groups have changed since 1999, the last premium change, premium changes are needed to keep each age band self-supporting.

New age bands are needed for Option B since retirees can now continue Option B without reduction by continuing to pay premiums for that coverage. This has changed the composition of the over 65 age group. Before the law change, the coverage automatically began to reduce at age 65 and continued reducing until it was gone. Option B was free once a retired employee reached age 65. There was no need for additional age bands since there were few people in the upper age bands still maintaining coverage and paying premiums. The new Option B age band premiums are being phased in over a 3 year period. Refer to the information below for the current premium change.

We added new age bands and premiums for Option C in April 2000. After further study, we have decided to also add age bands for Option C because of the increasing number of individuals with unreduced coverage after 65. Refer to the information below.

How is the cost of Basic coverage changing?

The cost of Basic coverage will be reduced about 1 cent per \$1,000 of coverage. The government share for the cost of Basic coverage will be reduced by a half a cent per \$1,000. Annuitants pay two-thirds and the Government pays one-third of the premium cost for Basic coverage.

There are no age bands for Basic coverage. The cost is the same for everyone.

The cost of the 50 percent reduction option for Basic coverage is increasing 1 cent per \$1,000 of coverage. The cost of the option for no reduction in the amount of this coverage is dropping 21 cents per \$1,000 of coverage.

See our answer to a frequently asked question about coverage after age 65. Refer to the "Information for Retirees and Their Families: Federal Employees' Group Life Insurance, " RI 76-12, for additional information about Basic coverage

The following list describes the premium changes for Basic coverage.

Basic Coverage Premiums per \$1,000 of Coverage:

Current Premium: Annuitant = \$0.3358 and Government share = \$0.1679

New Premium: Annuitant = \$0.3250 and Government share = \$0.1625

50% Reduction Premium per \$1,000 of Coverage:

Current Premium: \$0.59

New Premium: \$0.60

No Reduction Premium per \$1,000 of Coverage:

Current Premium: \$2.04

New Premium: \$1.83

How is the cost for Option A coverage changing?

There are no premium changes for Standard Insurance (Option A) coverage.

See our answer to a frequently asked question about coverage after age 65. Refer to the "Information for Retirees and Their Families: Federal Employees' Group Life Insurance, " RI 76-12, for additional information about Option A coverage

How is the cost for Option B coverage changing?

Additional Optional (Option B) coverage has four new age bands:

- Ages 65-69
- Ages 70-74
- Ages 75-79
- Over Age 80.

Option B premiums will stay the same for anyone under age 45, reduce for those age 45 to 64, and increase for those age 65 and up.

See our answer to a frequently asked question about coverage after age 65. Refer to the "Information for Retirees and Their Families: Federal Employees' Group Life Insurance, " RI 76-12, for additional information about Option B coverage.

Option B premiums for the new age bands are scheduled to increase again in January 2004 and January 2005. The following table describes the premium changes for Option B coverage by age band in 2003.

Option B Coverage Premiums per \$1,000 of Coverage:

Age	Current Premium	New Premium
Under 35	\$0.065	\$0.065
35-39	\$0.087	\$0.087
40-44	\$0.130	\$0.130
45-49	\$0.217	\$0.195
50-54	\$0.325	\$0.303
55-59	\$0.672	\$0.607
60-64	\$1.517	\$1.300
65-69	\$1.517	\$1.538
70-74	\$1.517	\$1.885
75-79	\$1.517	\$2.318
80 and Over	\$1.517	\$2.752

How is the cost for Option C coverage changing?

Family Optional (Option C) coverage has two new age bands.

- Ages 75 -79
- Age 80 and Over

There is no change in premiums for Option C coverage for those under age 75. For those age 75 and over, premiums will increase.

See our answer to a frequently asked question about coverage after age 65. Refer to the "Information for Retirees and Their Families: Federal Employees' Group Life Insurance, " RI 76-12, for additional information about Option C coverage

The following table describes the premium changes for Option C coverage by age.

Option C Coverage Premiums per Multiple of Coverage:

Age	Current Premium	New Premium
Under 35	\$0.59	\$0.59
35-39	\$0.74	\$0.74
40-44	\$1.00	\$1.00
45-49	\$1.30	\$1.30
50-54	\$1.95	\$1.95
55-59	\$3.14	\$3.14
60-64	\$5.63	\$5.63
65-69	\$6.50	\$6.50
70-74	\$7.37	\$7.37
75-79	\$7.37	\$9.75
80 and Over	\$7.37	\$13.00